

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

UNITED STATES OF AMERICA

v.

No. 3:15-CR-494-B

STANLEY JAMES, JR. (1)

FACTUAL RESUME

Stanley James, the defendant, Mark Perez, the defendant's attorney, and the United States of America agree that the following facts are true and correct and may be used to support James's plea of guilty to Count One of the Indictment:

Elements of the Offense

Count One

Violation of 21 U.S.C. §§ 846, 841(a)(1) and (b)(1)(C)

- First: That two or more persons, directly or indirectly, reached an agreement to possess with intent to distribute a mixture and substance containing a detectable amount of hydrocodone, a Schedule II controlled substance;
- Second: That James knew of the unlawful purpose of the agreement; and
- Third: That James joined in the agreement willfully, that is, with the intent to further its unlawful purpose.

Facts

Stanley James admits that, beginning in October 2013 and continuing through October 8, 2015, in the Dallas Division of the Northern District of Texas and elsewhere, he knowingly and intentionally combined, conspired, confederated and agreed with John Christopher Ware and other persons known and unknown to possess with intent to

distribute a mixture and substance containing a detectable amount of hydrocodone, a Schedule II controlled substance, in violation of 21 U.S.C. §§ 846, 841(a)(1) and (b)(1)(C).<sup>1</sup>

James further admits that he and his co-conspirators distributed more than 2,000,000 10mg hydrocodone pills through the medical clinics in Dallas, Texas, and elsewhere that he owned and operated illegitimately, knowing that the prescriptions for these pills had not been issued for a legitimate medical purpose by a medical practitioner acting in the usual course of professional practice. James further admits that, of those 2,000,000 10mg hydrocodone pills, more than 100,000 10mg hydrocodone pills were distributed between October 2014 and October 2015, after hydrocodone had been reclassified as a Schedule II controlled substance. James further admits that the hydrocodone quantities encompass the prescriptions issued by the doctors, physician's assistants, nurse practitioners, and nurses who worked at the clinics that James owned, managed, and directed. James further admits that he knew that the prescriptions for those controlled substances had not been issued for a legitimate medical purpose by a medical practitioner acting in the usual course of professional practice.

These illegitimate clinics, commonly referred to as "pill mills," that James owned, managed, and directed in the Northern District of Texas included the following: Great Southwest Medical Clinic, Arlington Oaks Adult Medical Clinic, and Redbird Family Medical Clinic. James and Ware also opened a pill mill in Little Rock, Arkansas,

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<sup>1</sup> On October 6, 2014, hydrocodone became a Schedule II controlled substance in the United States. Before that date, it was classified as Schedule III.

named ARTEX Medical. These clinics are known as “pill mills” because they routinely prescribe pharmaceutical controlled substances outside the scope of professional medical practice and not for a legitimate medical purpose.

Great Southwest Medical Clinic (“Great Southwest”), a pill mill located on Great Southwest Parkway, in Dallas, Texas, was in operation in September 2013 but closed at the end of that month. James and Ware owned, managed, and directed Great Southwest until it closed in September 2013.

In October 2013, James and Ware opened Arlington Oaks Adult Medical Clinic (“Arlington Oaks”), a pill mill located on Billings Street in Arlington, Texas.

In January 2014, James and Ware opened Redbird Family Medical Clinic (“Redbird”), a pill mill located on Camp Wisdom Road in Dallas, Texas.

By June 2014, James and Ware had also opened ARTEX Medical (“ARTEX”), a pill mill located in Little Rock, Arkansas.

In mid-2014, James and John Christopher Ware separated some of their business interests. James assumed management of Redbird, while Ware assumed management of Arlington Oaks and changed the clinic’s name to AC Medical Clinic (“ACM”). James owned, managed, and directed Redbird until it closed on October 8, 2015.

James further admits that the conspiracy operated in the following manner at each of the above-identified clinics: Individuals were recruited to pose as patients at certain medical clinics to obtain prescriptions for controlled substances, including hydrocodone, and fill those prescriptions at designated pharmacies that were complicit in the scheme. The recruits were paid a fee, such as \$30, to pose as patients to go to clinics and

pharmacies. The recruiter organized the recruits so that a driver could pick them up and transport them to and from the clinics and pharmacies. The recruiters were also paid a small fee, such as \$15 per person, for each individual they recruited by the driver or the script ring leader. The driver, sometimes also known as a "script ring leader," or another co-conspirator such as someone associated with the clinic, coached the recruit on what to say inside the clinic to obtain a prescription for hydrocodone. The driver or script ring leader paid for the recruit's visit to the clinic, either by giving the recruit money to pay the clinic or by paying the clinic directly. The clinics only accepted cash from patients seeking pain medications, including hydrocodone, and charged approximately \$150 per visit for established patients. The driver or script ring leader also paid to fill the prescriptions for hydrocodone at complicit pharmacies and obtained the controlled substances, namely hydrocodone, that were dispensed. The script ring leader then directed the further distribution of the hydrocodone in Texas, Louisiana, and elsewhere.


James further admits that, in furtherance of the conspiracy, he, Ware, and others took steps to minimize the possibility of detection by law enforcement at their pill mills, including limiting patients to recruits accompanied by known and trusted drivers.


James further admits that, in furtherance of the conspiracy, he, Ware, and others attempted to maximize profit by providing the prescriptions sought by the script ring leaders, including 10mg hydrocodone. To accomplish this, he, Ware, and others hired medical practitioners willing to write the sought-after prescriptions even though, as James knew, the prescriptions were not being issued for a legitimate medical purpose in the

usual course of professional practice.

By knowingly and intentionally hiring doctors, physician's assistants, nurse practitioners, and nurses willing to write prescriptions for 10mg hydrocodone not for a legitimate medical purpose in the usual course of professional practice, James conspired to possess with intent to distribute more than 2,000,000 10mg hydrocodone pills through the Great Southwest Medical Clinic, Arlington Oaks Adult Medical Clinic, and Redbird Family Medical Clinic.

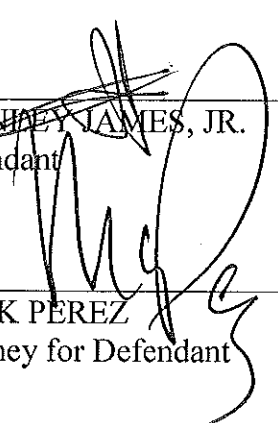
This Factual Resume is not intended to be a complete accounting of all of the facts and events related to the offense charged in this case. Instead, it is intended only to demonstrate that a factual basis exists to support the defendant's plea of guilty to Count One of the Indictment.

  
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MARY F. WALTERS  
Assistant United States Attorney

  
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RICK CALVERT  
Deputy Chief

  
\_\_\_\_\_  
STANLEY JAMES, JR.  
Defendant

3/16/16  
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Date

  
\_\_\_\_\_  
MARK PEREZ  
Attorney for Defendant

3/16/16  
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Date